

# ***GLG Corp Ltd***

ACN 116 632 958

**Results for Announcement to the Market  
Appendix 4D – Half Year Report  
Given to ASX under Listing Rule 4, 2A**

Current Reporting Period - Half Year Ended 31<sup>st</sup> December  
2022

Previous Reporting Period - Half Year Ended 31<sup>st</sup> December  
2021

1. Highlight of Results
2. Appendix 4D Financial Statements for the Half Year ended  
31 December 2022

## 1. Results for announcement to market

Summary financial information for the company for the six months ended 31<sup>st</sup> December 2022.  
Full financial details are attached to this announcement.

		Consolidated		
Summary Information	31 –DEC-22 USD\$'000	31 –DEC-21 USD\$'000	Inc/(Dec) USD\$'000	Inc/(Dec) %
Revenue from Ordinary Activities	69,493	104,704	35,211	(33.6)
(Loss)/Profit after Tax from Ordinary Activities	(138)	3,368	(3,506)	(104.1)
Net (Loss)/Profit after Tax Attributable to Members	(138)	3,368	(3,506)	(104.1)
Basic Earnings – US Cents Per Share	(0.19)	4.55	(4.74)	(104.2)
Diluted Earnings – US Cents Per Share	(0.19)	4.55	(4.74)	(104.2)
Net Tangible Assets – US Cents Per Share	63.66	55.58	8.08	14.5

### Dividends

In respect of the financial period ended 31 December 2022, the Directors do not recommend the payment of an interim dividend.

In respect of the financial year ended 30 June 2022, dividend was declared and paid as per table below.

Dividends (Distributions)	As per security – US Cents	Unfranked amount per security-US cents	Record date	Payment date
Interim ordinary unfranked dividend	-	-	-	-
Final ordinary unfranked Dividend	1.50	1.50	29 December 2022	16 January 2023
Total unfranked dividend	1.50	1.50		

The financial effect of the final ordinary unfranked dividends was not brought to account in the financial statements for the year ended 30 June 2022 and subsequently recognised in financial period ended 31 December 2022 (“1HY2023”).

## Summary commentary on results

### Directors Comments:

GLG's revenue decreased by 33.6% from US\$104.7m to US\$69.5m during the financial period ended 31 December 2022 ("1HFY2023"). This was mainly attributable to the loss of a major customer and from the impact of COVID-19 environment resulted to delays in delivery on the second half of financial year 2022, thus, buyers had high inventory levels during the half year period and resulted in lower sales orders in the period. In addition, as a result of the delays in delivery, the core program of the two key customers was significantly dropped as those garments could not be sold at the right season. The segment report in Note 2 for Canada and USA shows a consistent movement of the revenue as explained above.

The gross profit margin slightly improved from 21.4% to 21.5% in 1HFY2023 due to better product mix.

Other income increased by US\$0.9m from US\$0.2m to US\$1.1m in 1HFY2023 as compared to the previous corresponding financial period due to gain from renegotiated terms of lease from 5 years to 2 years from ultimate parent entity, Ghim Li Pte Ltd.

Selling and distribution costs decreased by 52.2% from US\$11.3m to US\$5.4m as compared to the previous corresponding financial period ended 31 December 2021 ("1HFY2022"). This was mainly due to lower duty and freight cost incurred on Land-Duty Paid customers' orders and decline in global freight rates over the period as a flow on improvement from COVID recovery and stabilisation of global supply chains.

Finance costs increased by 57.1% from US\$0.7m to US\$1.1m in 1HFY2023 as compared to the previous corresponding financial period. The increase was mainly due to increase in the interest rates on loans. Interest rate increased due to the rate hikes by US Federal Reserve Board.

Other expenses increased by US\$3.3m from US\$0.6m to US\$3.9m in the 1HFY2023 as compared to the previous corresponding financial period. The increase was mainly due to the write off of deposits with an outsourced manufacturer of US\$2.0m in relation to the decrease in revenue and thereby reduction of allocated production to the third party manufacturer resulting in the closure of the third party manufacturer and US\$1.1m impairment of a claim made against the previous owner of the Group's Cambodian subsidiary's assets and the buyer of raw materials for their outstanding tax obligations. During the period ended 31 December 2022, a tax audit was conducted in respect of the Cambodian subsidiary for the period from 2017 to 2019 which resulted in a final notice of assessment of US\$0.2m which was paid and disclosed as tax expense. In addition, an amount of US\$1.1m was paid in order to finalise and settle the tax audit for tax exposures prior to the Group's acquisition of the Cambodian subsidiary's assets. In accordance with the warranty clause under the Sale and Purchase Agreement and Sales Agreement, the amounts incurred were claimable from the seller of the Sales and Purchase Agreement and the buyer of the Sales Agreement. Whilst the amounts are considered able to be claimed from the seller and buyer, they have been impaired in the half year ended 31 December 2022 due to the time that has lapsed and the uncertainty of recovery.

GLG's net loss after tax for the half year ended 31 December 2022 amounted to US\$0.1m, compared with a profit of US\$3.4m in the corresponding financial period. Overall, the decrease in net profit after tax was mainly due to the increased in other expenses and lower revenue generated.

## Directors Comments: (cont'd)

As deliveries were significantly impacted by the logistic disruptions, the results in 1HY2023 recorded a much lower seasonal sale. For the second half of FY2023 the visibility of the trading conditions has stabilised as the logistics issues are back to normal and barring any other unforeseen circumstance the indication for 2HY2023 result is expected to reflect some improvement.

### Balance Sheet position

Trade and other receivables decreased by 32.5% from US\$39.7m as at 30 June 2022 to US\$26.8m as at 31 December 2022. The decrease was primarily due to lower revenue generated in the last 2 months of the financial period as compared to the same period of the previous year.

Inventory decreased by 38.1% from US\$37.8m as at 30 June 2022 to US\$23.4m as at 31 December 2022. This was mainly due to decline in customer's order which resulted in reduction of raw materials and work-in-progress in the factories.

Other financial assets decreased by 37.3% from US\$8.9m as at 30 June 2022 to US\$5.6m as at 31 December 2022 mainly attributable to writing off of deposits to a third party manufacturer amounted to US\$2.0 in relation to the decreased in revenue and thereby reduction of allocated production to the third party manufacturer resulting to the closure of the third party manufacturer and refund of a rental deposits amounting to US\$1.3m as a result of renegotiated terms of lease from 5 years to 2 years.

The right-of-use assets decreased by 32.4% from US\$11.1m as at 30 June 2022 to US\$7.5m as at 31 December 2022 mainly due to a reassessment and resulting to reduction of lease period from ultimate parent entity from 5 years to 2 years.

The intangible assets decreased by 8.8% from US\$3.4m as at 30 June 2022 to US\$3.1m as at 31 December 2022 mainly due to the amortisation of intangible assets.

Trade and other payables decreased by 33.6% from US\$22.6m as at 30 June 2022 to US\$15.0m as at 31 December 2022, primarily resulting from decrease in advance purchases of raw materials such as yarn and fabric.

Current and non-current borrowings decreased by 46.4% from US\$50.0m as at 30 June 2022 to US\$26.8m as at 31 December 2022, the decrease was mainly due to a decrease in trust receipts.

### Cash Flow

In 1H FY2023, net cash flow from operating activities increased from net cash used of \$8.5m in respect of the 31 December 2021 period to a net cash flow provided of \$23.9m in respect of the 31 December 2022 period. This movement was mainly due to lesser payment to suppliers as a result of lower purchases of inventory and lesser advance purchases of yarn in 2022 financial to secure the yarn product and secure the pricing during the COVID compare to corresponding period of 1H FY2022 with high revenue generated that due to pent up customer demand and USA stimulus.

## **Directors Comments: (cont'd)**

### **Cash Flow (cont'd)**

Net cash flows used in investing activities amounted to US\$0.4m as compared to previous corresponding financial period of US\$0.7m, mainly due to investment in new machineries in fabric factory to increase the productivity and new order requirements.

Net cash used in financing activities was increased from US\$0.7m net proceeds in 1HFY2022 to net payment of US\$25.3m in 1HFY2023. This increase was mainly due to the net repayment of trust receipts and bank loans amounted to US\$23.2m, repayment of lease liability amounted to US\$1.1m and partial settlement of borrowing from a related party amounted US\$1.0m.

As a result of the above, there was a net decrease of US\$1.8m in cash and cash equivalents from 1HFY2022, from a net cash surplus of US\$13.8m as at 31 December 2021 to a net cash surplus of US\$12.1m as at 31 December 2022.

We believe the balance cash position and forecast cash flow from continuing operations of GLG remains adequate to meet our working capital, capital expenditures, debt servicing and other funding requirements.

***GLG Corp Ltd***

ACN 116 632 958

Financial report for the half-year ended 31 December 2022

# Financial report for the half-year ended 31 December 2022

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## Directors' report

The Directors of GLG Corp Ltd ("GLG" or "the Company") submit herewith the financial report of GLG Corp Ltd and its subsidiaries for the half-year ended 31 December 2022. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Estina Ang Suan Hong	Executive Chairman and Chief Executive Officer
Peter Tan	Lead Independent Director
Grant Hummel	Independent Director
Por Khay Ti	Independent Director (appointed 25 October 2022)
Felicia Gan Peiling	Chief Executive Officer

## Review of operations

### Review of operations

GLG's revenue decreased by 33.6% from US\$104.7m to US\$69.5m during the financial period ended 31 December 2022 ("1HFY2023"). This was mainly attributable to the impact of COVID-19 environment resulted to delays in delivery on the second half of financial year 2022, thus, buyers had high inventory levels during the half year period and resulted in lower sales orders in the period. In addition, as a result of the delays in delivery, the core program of the two key customers was significantly dropped as those garments could not be sold at the right season. The segment report in Note 2 for Canada and USA shows a consistent movement of the revenue as explained above.

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Other income increased by US\$0.9m from US\$0.2m to US\$1.1m in 1HFY2023 as compared to the previous corresponding financial period due to gain from renegotiated terms of lease from 5 years to 2 years from major shareholder, Ghim Li Group Pte Ltd.

Selling and distribution costs decreased by 52.2% from US\$11.3m to US\$5.4m as compared to the previous corresponding financial period ended 31 December 2021 ("1HFY2022"). This was mainly due to lower duty and freight cost incurred on Land-Duty Paid customers' orders and decline in global freight rates over the period as a flow on improvement from COVID recovery and stabilisation of global supply chains.

Finance costs increased by 57.1% from US\$0.7m to US\$1.1m in 1HFY2023 as compared to the previous corresponding financial period. The increase was mainly due to increase in the interest rates on loans. Interest rate increased due to the rate hikes by US Federal Reserve Board.



## Directors' report (cont'd)

### Review of operations (cont'd)

Other expenses increased by US\$3.3m from US\$0.6m to US\$3.9m in the 1HFY2023 as compared to the previous corresponding financial period. The increase was mainly due to the write off of deposits with an outsourced manufacturer of US\$2.0m in relation to the decrease in revenue and thereby reduction of allocated production to the third party manufacturer resulting in the closure of the third party manufacturer and US\$1.1m impairment of a claim made against the previous owner of the Group's Cambodian subsidiary's assets and the buyer of raw materials for their outstanding tax obligations. During the period ended 31 December 2022, a tax audit was conducted in respect of the Cambodian subsidiary for the period from 2017 to 2019 which resulted in a final notice of assessment of US\$0.2m which was paid and disclosed as tax expenses. In addition, an amount of US\$1.1m was paid in order to finalise and settle the tax audit for tax exposures for those years prior to the Group's acquisition of the Cambodian subsidiary's assets. In accordance with the warranty clause under the Sale and Purchase Agreement and the Sales Agreement, the amounts incurred during those periods were claimable from the seller of the Sales and Purchase Agreement and the buyer of the Sales Agreement. Whilst the amounts are considered able to be claimed from the seller and buyer, they have been impaired in the half year ended 31 December 2022 due to the time that has lapsed and the uncertainty of recovery.

GLG's net loss after tax for the half year ended 31 December 2022 amounted to US\$0.1m, compared with a profit of US\$3.4m in the corresponding financial period. Overall, the decrease in net profit after tax was mainly due to the increased in other expenses and lower revenue generated.

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### Balance Sheet Position

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## Directors' report (cont'd)

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We believe the balance cash position and forecast cash flow from continuing operations of GLG remains adequate to meet our working capital, capital expenditures, debt servicing and other funding requirements.

### Dividends

In respect of the financial period ended 31 December 2022, the Directors do not recommend the payment of an interim dividend.

In respect of the financial year ended 30 June 2022, dividend was declared and paid as per table below.

Dividends (Distributions)	As per security – US Cents	Unfranked amount per security-US cents	Record date	Payment date
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Total unfranked dividend	1.50	1.50		

The financial effect of the final ordinary unfranked dividends was not brought to account in the financial statements for the year ended 30 June 2022 and subsequently recognised in financial period ended 31 December 2022 ("1H FY2023").

## Auditor's independence declaration

The auditor's independence declaration is included on page 7 of the half-year report.

## Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half year.

## Rounding off of amounts

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars, unless otherwise indicated. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

Signed in accordance with a resolution of directors made pursuant to s.306 (3) of the *Companies Act 2001*.

On behalf of the Directors



Felicia Gan  
CEO  
Singapore

28<sup>th</sup> February 2023

## DECLARATION OF INDEPENDENCE BY STEPHEN MAY TO THE DIRECTORS OF GLG CORP LIMITED

As lead auditor for the review of GLG Corp Ltd for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of GLG Corp Ltd and the entities it controlled during the period.



**Stephen May**  
Director

**BDO Audit Pty Ltd**

Sydney, 28 February 2023

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of GLG Corp Ltd

### Report on the Half-Year Financial Report

#### Conclusion

We have reviewed the half-year financial report of GLG Corp Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Group does not comply with the *Corporations Act 2001* including:

- (i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the half-year ended on that date; and
- (ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001* which has been given to the directors of the Company, would be the same terms if given to the directors as at the time of this auditor's review report.

#### Responsibility of the directors for the financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

### Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**BDO Audit Pty Ltd**

BDO

A handwritten signature in black ink, appearing to read 'Stephen May', is written over a faint, larger signature.

**Stephen May**  
**Director**

Sydney, 28 February 2023

## Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the financial half-year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Felicia Gan  
CEO

Singapore

28<sup>th</sup> February 2023

## Consolidated statement of profit or loss and other comprehensive income for the half-year ended 31 December 2022

		<b>Consolidated</b>	
		<b>Half-year ended</b>	
	<b>Note</b>	<b>31 Dec 2022 US\$'000</b>	<b>31 Dec 2021 US\$'000</b>
<b>Continuing Operations</b>			
Revenue	2	69,493	104,704
Cost of sales		(54,562)	(82,336)
<b>Gross profit</b>		<b>14,931</b>	<b>22,368</b>
Other income		1,064	232
Selling and distribution expenses		(5,382)	(11,321)
Administration expenses		(5,267)	(5,750)
Finance costs		(1,147)	(727)
Other expenses	3	(3,947)	(556)
<b>Profit before income tax expense</b>		<b>252</b>	<b>4,246</b>
Income tax expense		(390)	(878)
<b>(Loss)/Profit for the period</b>		<b>(138)</b>	<b>3,368</b>
Other comprehensive income:		-	-
<b>Total comprehensive income for the period</b>		<b>(138)</b>	<b>3,368</b>
<b>Earnings per share:</b>			
From continuing operations:			
Basic (cents per share)		(0.19)	4.55
Diluted (cents per share)		(0.19)	4.55

Notes to the financial statements are included on pages 15 to 25



## Consolidated statement of financial position as at 31 December 2022

		Consolidated	
	<u>Note</u>	31 Dec 2022 US\$'000	30 Jun 2022 US\$'000
<b>Current assets</b>			
Cash and cash equivalents		12,100	13,893
Trade and other receivables	4	26,796	39,677
Inventory		23,370	37,825
Other assets		1,403	959
<b>Total current assets</b>		<b>63,669</b>	<b>92,354</b>
<b>Non-current assets</b>			
Other financial assets		5,560	8,871
Trade and other receivables	4	2,800	2,000
Property, plant and equipment	8	28,151	29,396
Right-of-use assets		7,498	11,062
Intangible assets	9	3,128	3,361
<b>Total non-current assets</b>		<b>47,137</b>	<b>54,690</b>
<b>Total assets</b>		<b>110,806</b>	<b>147,044</b>
<b>Current liabilities</b>			
Trade and other payables	10	15,047	22,642
Borrowings	5	24,099	46,520
Lease liabilities		2,163	2,128
Current tax liabilities		316	481
<b>Total current liabilities</b>		<b>41,625</b>	<b>71,771</b>
<b>Non-current liabilities</b>			
Borrowings	5	2,694	3,465
Lease liabilities		5,802	10,001
Deferred tax liabilities		2,884	2,756
<b>Total non-current liabilities</b>		<b>11,380</b>	<b>16,222</b>
<b>Total liabilities</b>		<b>53,005</b>	<b>87,993</b>
<b>Net assets</b>		<b>57,801</b>	<b>59,051</b>
<b>Equity</b>			
Issued capital		10,322	10,322
Revaluation reserves		2,947	2,947
Merger reserves		(14,812)	(14,812)
Retained earnings		59,344	60,594
<b>Total equity</b>		<b>57,801</b>	<b>59,051</b>

Notes to the financial statements are included on pages 15 to 25.

## Consolidated statement of changes in equity for the half-year ended 31 December 2022

	<b>Issued Capital</b>	<b>Asset Revaluation Reserve</b>	<b>Merger Reserve</b>	<b>Retained Profits</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Consolidated</b>					
Balance as at 1 July 2021	10,322	3,745	(14,812)	56,151	55,406
Profit after income tax expense	-	-	-	3,368	3,368
Dividend declared	-	-	-	(741)	(741)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	2,627	2,627
<b>Balance as at 31 December 2021</b>	<b>10,322</b>	<b>3,745</b>	<b>(14,812)</b>	<b>58,778</b>	<b>58,033</b>
Balance as at 1 July 2022	10,322	2,947	(14,812)	60,594	59,051
Loss after income tax expense	-	-	-	(138)	(138)
Dividend declared	-	-	-	(1,112)	(1,112)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half- year	-	-	-	(1,250)	(1,250)
<b>Balance as at 31 December 2022</b>	<b>10,322</b>	<b>2,947</b>	<b>(14,812)</b>	<b>59,344</b>	<b>57,801</b>

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## Consolidated statement of cash flows for the half-year ended 31 December 2022

	<b>Consolidated</b>	
	<b>Half-year ended</b>	
	<b>31 Dec 2022 US\$'000</b>	<b>31 Dec 2021 US\$'000</b>
<b>Cash flows from operating activities</b>		
Receipts from customers	80,325	95,230
Rental deposit refunded	1,312	-
Payments to suppliers and employees	(57,633)	(100,790)
Proceeds from/ (Payment to) outsourced manufacturing suppliers	1,595	(1,550)
Interest and other costs of finance paid	(898)	(293)
Interest paid to lease liabilities	(249)	(271)
Interest received	7	7
Income tax paid	(567)	(812)
<b>Net cash provided by/ (used in) operating activities</b>	<b>23,892</b>	<b>(8,479)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(428)	(756)
Proceeds from sale of property, plant and equipment	19	8
<b>Net cash used in investing activities</b>	<b>(409)</b>	<b>(748)</b>
<b>Cash flows from financing activities</b>		
Dividend paid	-	(730)
(Repayments to)/ Proceeds from borrowings	(23,191)	1,330
Repayments of lease liability	(1,054)	(1,076)
(Repayment to) / Proceeds from Ghim Li Group	(1,031)	1,193
<b>Net cash (used in)/ from financing activities</b>	<b>(25,276)</b>	<b>717</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,793)</b>	<b>(8,510)</b>
Cash and cash equivalents at the beginning of the financial period	13,893	22,280
<b>Cash and cash equivalents at the end of the financial period</b>	<b>12,100</b>	<b>13,770</b>

Notes to the financial statements are included on pages 15 to 25.

# Notes to the consolidated financial statements

## 1. Significant accounting policies

### Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

### Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in United States dollars, unless otherwise noted.

The consolidated entity satisfies the requirements of ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission in relation to rounding of amounts in the directors' report and the financial statements to the nearest thousand dollars, unless otherwise indicated. Amounts have been rounded off in the directors' report and financial statements in accordance with that Legislative Instrument.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the GLG's 2022 annual financial report for the financial year ended 30 June 2022, except for the impact of the new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

## 1. Significant accounting policies (cont'd)

### Fair value measurement (cont'd)

#### *Fair value hierarchy*

The following details the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Assets and liabilities measured at fair value include:

- Freehold and leasehold land and buildings - Level 3 – refer to Note 8 for further details

There were no transfers between levels during the period.

#### *Valuations of land and buildings and investment properties*

Freehold and leasehold land and building, along with investment properties have been valued based on similar assets, location and market conditions at fair value on an annual basis.

### New accounting standards and interpretations

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

Any new, revised or amending accounting standards or interpretations that are not yet mandatory have not been early adopted.

## 2. Segment information

#### *Identification of reportable operating segments*

The consolidated entity is organised into two operating segments: fabric and garments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The directors' review EBIT (earnings before interest and tax). The accounting policies adopted for internal reporting to the directors are consistent with those adopted in the financial statements.

The information reported to the directors is on at least a monthly basis.

#### *Types of products and services*

The principal products and services of each of these operating segments are as follows:

Fabric manufacturing            the manufacture and wholesaling of fabric

Garment                            the manufacturing and wholesaling of garments

#### *Intersegment transactions*

Intersegment transactions were made at market rates. The garment retailing operating segment purchases fabric from the fabric manufacturing operating segment. Intersegment transactions are eliminated on consolidation.

## 2. Segment information (cont'd)

### *Operating segment information*

<b>Consolidated – 31 December 2022</b>	<b>Fabric manufacturing</b>	<b>Garment</b>	<b>Intersegment eliminations</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>				
Sales to external customers	295	69,198	-	69,493
Intersegment sales	16,709	-	(16,709)	-
<b>Total revenue</b>	<b>17,004</b>	<b>69,198</b>	<b>(16,709)</b>	<b>69,493</b>
Interest received	6	1	-	7
Depreciation and amortisation	(1,279)	(1,825)	98	(3,006)
Bad and doubtful debts	-	(30)	6	(24)
Impaired of claim	-	(1,097)	-	(1,097)
Impairment of deposits from outsourced manufacturer	-	(2,000)	-	(2,000)
<b>EBIT</b>	<b>(420)</b>	<b>1,819</b>	<b>-</b>	<b>1,399</b>
Finance costs				(1,147)
<b>Loss before income tax expense</b>				<b>252</b>
Income tax expense				(390)
<b>Loss after income tax expense</b>				<b>(138)</b>

<b>31 December 2022</b>	<b>Fabric</b>	<b>Garment</b>	<b>Corporates</b>	<b>Intersegment eliminations</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>	38,220	128,586	113,497	(169,497)	110,806
<b>Liabilities</b>	(16,472)	(73,673)	(23,302)	60,442	(53,005)

## 2. Segment information (cont'd)

### *Operating segment information*

	Fabric manufacturing	Garment	Intersegment eliminations	Total
<b>Consolidated – 31 December 2021</b>	US\$'000	US\$'000	US\$'000	US\$'000
<b>Revenue</b>				
Sales to external customers	183	104,521	-	104,704
Intersegment sales	36,702	-	(36,702)	-
Total revenue	36,885	104,521	(36,702)	104,704
Interest received	5	2	-	7
Depreciation and amortisation	(1,224)	(1,946)	117	(3,053)
<b>EBIT</b>	<b>2,015</b>	<b>2,958</b>	<b>-</b>	<b>4,973</b>
Finance costs				(727)
<b>Profit before income tax expense</b>				<b>4,246</b>
Income tax expense				(878)
<b>Profit after income tax expense</b>				<b>3,368</b>

	Fabric	Garment	Corporates	Intersegment eliminations	Total
30 June 2022	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Assets</b>	45,480	155,905	107,104	(161,445)	147,044
<b>Liabilities</b>	(22,929)	(99,765)	(17,672)	52,373	(87,993)

## 2. Segment information (cont'd)

Revenue attributable to external customers is disclosed below, based on the location of the external customer:

		<b>Fabric</b>	
		<b>31 December 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
India		249	121
Malaysia		46	62
		<b>295</b>	<b>183</b>

  

		<b>Garments</b>	
		<b>31 December 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
Cambodia		481	254
Canada		11,353	21,160
Europe		455	178
Malaysia		294	13
Others		84	24
Singapore		67	68
USA		56,464	82,824
		<b>69,198</b>	<b>104,521</b>

### *Disaggregation of revenue*

Revenue is disaggregated by the country in which the customer is located as this depicts how the nature, amount, and timing and uncertainty of our revenue and cash flows as affected by economic factors.

## 3. Other expenses

	<b>31 December 2022 US\$'000</b>	<b>31 December 2021 US\$'000</b>
Bad and doubtful debts	24	-
Impairment of deposits from outsourced manufacturer	2,000	-
Loss on disposal of fixed assets	1	6
Impaired of claim (i)	1,097	-
General expenses	308	-
Other	517	550
	<b>3,947</b>	<b>556</b>

- (i) During the period ended 31 December 2022, a tax audit was conducted in respect of the Cambodian subsidiary for the period from 2017 to 2019 which resulted in a final notice of assessment of US\$0.2m which was paid and disclosed as tax expenses. In addition, an amount of US\$1.1m was paid in order to finalise and settle the tax audit for tax exposures for those years prior to the Group's acquisition of the Cambodian subsidiary's assets. In accordance with the warranty clause under the Sale and Purchase Agreement and the Sales Agreement, the amounts incurred during those periods were claimable from the seller of the Sales and Purchase Agreement and the buyer of the Sales Agreement. Whilst the amounts are considered able to be claimed from the seller and buyer, they have been impaired in the half year ended 31 December 2022 due to the time that has lapsed and the uncertainty of recovery.



#### 4. Trade and other receivables

Trade receivables are net trade receivables. The reconciliation between gross and net receivables is set out below:

As at	31 December 2022	30 June 2022
	US\$'000	US\$'000
<b>Current</b>		
<b>Trade receivables</b>		
Trade customers	11,220	21,250
GLIT Holdings (i)	1,209	1,029
Outsourced manufacturing suppliers	12,533	15,352
<b>Trade receivables</b>	<b>24,962</b>	<b>37,631</b>
<b>Other receivables</b>		
Other receivables	1,520	1,954
Goods and services tax recoverable	525	547
<b>Other receivables</b>	<b>2,045</b>	<b>2,501</b>
Less:		
Payable to outsourced manufacturing suppliers	(211)	(455)
	<b>26,796</b>	<b>39,677</b>
<b>Non-current</b>		
GLIT Holdings (i)	2,800	2,000
<b>Total Trade and other receivables</b>	<b>29,596</b>	<b>41,677</b>

The average credit period on sales of goods and rendering of services is 75 days. No interest is charged on the trade receivables outstanding balance.

Before accepting any new customers, GLG uses an internal system to assess the potential customer's credit quality and defines credit limits by customers. Limits and scoring attributed to customers are reviewed twice a year. 99.9% of the trade receivables that are neither past due nor impaired have the best credit scoring attributable under the external credit scoring system used by GLG.

(i) Receivable from GLIT Holdings that are expected to be settled in the next 12 months by netting off from the logistic revenue charged by GLIT Holdings is classified as current, whilst the remaining balance that are expected to be settled in more than a year is classified as non-current.

## 5. Borrowings

As at	31 December 2022	30 June 2022
	US\$'000	US\$'000
<b>Current</b>		
Trust receipts (Gross) (i)	21,484	44,551
Bills payable (Gross)	843	-
Finance lease liabilities	37	52
Bank Loan (ii)	1,016	899
Term Loan	719	1,018
<b>Total current borrowings</b>	<b>24,099</b>	<b>46,520</b>
<b>Non-current</b>		
Finance lease liabilities	28	34
Bank Loan (ii)	1,775	2,116
Term Loan	891	1,315
<b>Total non-current borrowings</b>	<b>2,694</b>	<b>3,465</b>
<b>Disclosed in the financial statements as:</b>		
Current borrowings	24,099	46,520
Non-current borrowings	2,694	3,465
<b>Total borrowings</b>	<b>26,793</b>	<b>49,985</b>

- (i) Secured by a negative pledge over all assets of Ghim Li Global Pte Ltd and Maxim Textile Technology Sdn Bhd. Refer to Terms and conditions of borrowing Balance for details.
- (ii) The bank loan, denominated in Singapore dollar was carried at fixed rate and was repayable over 5 years in 60 instalments from November 2021 to October 2025.

Banking relationship: GLG uses bank facilities to support the working capital requirement of its operations. Presently, the bank facilities provided to GLG are uncommitted short term trade financing facilities which are renewable annually by the banks and long term financing facilities.

Below are the details of available facilities from banks for the respective financial period/ year end. GLG believe that it will continue to have the strong support from main bankers for its working capital and capital expenditure requirements. The facilities used are inclusive of the contingent liabilities as disclosed in Note 6.

31 December 2022	Used US\$'000	Unused US\$'000	Total US\$'000
Short term	28,579	58,892	87,471
Long term	1,728	837	2,565
Foreign exchange	-	18,304	18,304
<b>Total</b>	<b>30,307</b>	<b>78,033</b>	<b>108,340</b>
30 June 2022	Used US\$'000	Unused US\$'000	Total US\$'000
Short term	52,787	38,277	91,064
Long term	2,333	348	2,681
Foreign exchange	-	18,317	18,317
<b>Total</b>	<b>55,120</b>	<b>56,942</b>	<b>112,062</b>

## 5. Borrowing (Cont'd)

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Terms & Conditions of Borrowing Balances:

1) Trust Receipts are denominated in USD bear weighted average effective interest rate of 6.2% (2022: 2.5%) per annum for a tenure of 4 months. Trust receipts are a discount form of supplier credit. In commercial terms, they are accounts payable.

2) Term Loan relates to purchase of property, plant and machinery of the Company's subsidiaries and are secured by a negative pledge of the assets of the Company. The loan repayment period varies from 8 to 10 years for property and 5 to 6 years for plant and machinery. The weighted average effective interest rate for such loans is 5.0% per annum (2022: 4.4% per annum).

3) Bills Payable are amounts received from banks for discounting sales invoices billed to customers, with weighted average effective interest rate of 5.9% (2022: 4.5%) per annum.

## 6. Contingent Liabilities

	31 December 2022	30 June 2022
	US\$'000	US\$'000
Guarantees arising from letters of credit in force (i)	2,042	5,184
Total	<u>2,042</u>	<u>5,184</u>

- (i) As a result of the Group's letter of credit issued by banks for purchase of goods has arisen the contingent liabilities.

## 7. Subsequent Events

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of the consolidated entity in future financial year.

## 8. Non-current assets – property, plant and machinery

Assets measured at fair value include:

- Freehold and leasehold land and buildings - Level 3
- Freehold and leasehold land and buildings of the Company were revalued on 30 June 2022 by One Asia Property Consultants (KL) Sdn. Bhd, an external, independent and registered valuer. The comparison method was adopted in arriving at the market value of the freehold and leasehold land and buildings. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique as compared with previous financial year and revaluations are done on an annual basis.

Freehold and leasehold land and buildings at valuation are categorised as Level 3 fair value, which has been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input to this valuation approach is price per square foot of comparable properties.

**8. Non-current assets – property, plant and equipment (cont'd)**

	At Valuation			At Cost				
<b>Cost</b>	<b>Freehold land and buildings</b>	<b>Leasehold land and buildings</b>	<b>Sub-total</b>	<b>Plant and machinery</b>	<b>Renovation</b>	<b>Other assets</b>	<b>Motor vehicles</b>	<b>Total</b>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2022	4,995	9,081	14,076	29,029	4,546	2,669	720	51,040
Additions	-	-	-	310	44	74	-	428
Disposal	-	-	-	(647)	(11)	(37)	(23)	(718)
<b>Cost as at 31 December 2022</b>	<b>4,995</b>	<b>9,081</b>	<b>14,076</b>	<b>28,692</b>	<b>4,579</b>	<b>2,706</b>	<b>697</b>	<b>50,750</b>
<b>Accumulated depreciation</b>								
Balance as at 1 July 2022	-	-	-	14,881	3,947	2,172	644	21,644
Depreciation expenses	-	-	-	1,368	167	88	31	1,654
Disposal	-	-	-	(628)	(11)	(37)	(23)	(699)
<b>Accumulated depreciation as at 31 December 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,621</b>	<b>4,103</b>	<b>2,223</b>	<b>652</b>	<b>22,599</b>
<b>Net book value</b>								
<b>As at 30 June 2022</b>	<b>4,995</b>	<b>9,081</b>	<b>14,076</b>	<b>14,148</b>	<b>599</b>	<b>497</b>	<b>76</b>	<b>29,396</b>
<b>As at 31 December 2022</b>	<b>4,995</b>	<b>9,081</b>	<b>14,076</b>	<b>13,071</b>	<b>476</b>	<b>483</b>	<b>45</b>	<b>28,151</b>

Other assets comprise of computers, furniture and fittings, hostel and office equipment

## 9. Intangible Assets

Cost	Consolidated				
	Software	Goodwill	Trademark & customers network	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance as at 1 July 2022	2,153	1,841	2,518	407	6,919
Additions	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>2,153</b>	<b>1,841</b>	<b>2,518</b>	<b>407</b>	<b>6,919</b>
<b>Accumulated Amortisation</b>					
Balance as at 1 July 2022	554	1,841	756	407	3,558
Amortisation	107	-	126	-	233
Impairment	-	-	-	-	-
<b>Balance as at 31 December 2022</b>	<b>661</b>	<b>1,841</b>	<b>882</b>	<b>407</b>	<b>3,791</b>
<b>Net book value</b>					
As at 30 June 2022	1,599	-	1,762	-	3,361
As at 31 December 2022	1,492	-	1,636	-	3,128

### *Software*

Computer software is stated as intangible assets in the statement of financial position and amortised on the straight-line method over 3 -10 years.

### *Goodwill – recognition and measurement*

All business combinations are accounted for by applying the acquisition method. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired and has an indefinite useful life. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is assessed as part of the Ghim Li Fashion (M) Sdn Bhd CGU. Goodwill is not amortised but is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

### *Trademark and customers network*

Trademark and customers network are stated as intangible assets in the statement of financial position and amortised on the straight-line method over 10 years.

## 10. Trade and other payables

As at	31 December 2022	30 June 2022
	US\$'000	US\$'000
Trade payables (i)	4,753	11,458
Other payables	2,875	2,299
Ghim Li Group (ii)	2,351	3,380
Accruals – employee remuneration	1,729	1,810
Accruals – late shipment claim (iii)	2,766	2,766
Accruals – audit fee	95	134
Accruals – trust receipts interest	188	158
Accruals - others	290	637
<b>Total Trade and other payables</b>	<b>15,047</b>	<b>22,642</b>

(i) The average credit period on purchases of certain goods is 4 months. No interest is charged on the outstanding balance of trade payables. GLG has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

(ii) Current payable due to Ghim Li Group Pte Ltd of US\$2.4m comprises of \$2.3m owing by Ghim Li Global Pte Ltd, \$0.1m owing by Maxim MY and Cambodia.

(iii) Malaysia and Cambodia government took the necessary tight control due to Covid-19 pandemic and locked down the non-essential businesses. These restrictions had resulted in delayed shipments to buyers, also port congestion and lack of containers had badly affected the supply chain, there are potential claims from those buyers for those late deliveries and an accrual has been recognised to reflect these contractual obligations.

## 11. Related party transactions

### Transactions with other related parties

During the year, GLG entities entered into the following expenditure transactions with related parties that are not members of GLG:

	<b>Transaction with Ghim Li Group Pte Ltd (majority shareholder)</b>		<b>Transaction with ESTA</b>	
	<b>31 Dec 2022 US\$'000</b>	<b>31 Dec 2021 US\$'000</b>	<b>31 Dec 2022 US\$'000</b>	<b>31 Dec 2021 US\$'000</b>
Rental	728	728	14	15
Utilities	29	20	-	-
	<b>757</b>	<b>748</b>	<b>14</b>	<b>15</b>

No amounts were provided for doubtful debts relating to debts due from related parties at reporting date.

Amounts payable to these related parties are disclosed in note 10 to the financial statements.

## 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.